



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah Department of Commerce Division of Securities

FRANCINE A. GIANI
Executive Director

THAD LEVAR
Deputy Director

WAYNE KLEIN
Director of Securities

NEWS RELEASE

December 20, 2007

Criminal Charges Filed Against Two Men for Real Estate Investment Fraud ***Merritt and Howell took \$1.2 million from 11 investors, promising risk-free returns ...***

SALT LAKE CITY, Utah – The Financial Crimes unit of the Attorney General's Office today filed criminal charges against Douglas W. Merritt, of Bountiful, and Gregory K. Howell, of South Jordan, based on allegations they took \$1,218,750 from 11 investors in Utah and four other states. Merritt was charged with four counts of securities fraud, four counts of theft, and one count of a pattern of unlawful activity. Howell was charged with two counts of securities fraud.

The charging documents describe how Merritt and Howell told investors that Merritt had options to purchase real estate properties available for sale and that he had lined up buyers for the properties. The buyers were willing to pay higher prices than the prices at which Merritt had obtained options, guaranteeing profits on each sale. Investors were told if a property was not sold, the investors' money would be returned. Investors purchased options or portions of options that Merritt claimed to have. While the properties listed in the option agreements were real, the option agreements were fabricated; the property owners had never met Merritt or sold options.

The state alleges that investor funds were used for cash withdrawals by Merritt, payments to prior investors, payments to Howell, and to pay Merritt's attorney. Some of the investors obtained second mortgages on their homes to invest with Merritt.

According to prosecutors, investors were not told of Merritt's prior criminal history which includes a 1996 conviction for theft, a 1997 conviction for securities fraud and attempted unlawful dealing by a fiduciary, and a 2006 conviction for securities fraud and selling unregistered securities. Investors also were not told that Merritt has unpaid judgments against him totaling \$5.3 million.

In criminal cases, defendants are presumed innocent until they are proven guilty.

Investors are urged to contact the Division to make sure anyone offering investments is licensed. 801.530.6600, or toll free at 1.800.721.7233. www.securities.utah.gov.